

CollegeCounts 529 Board Meeting
November 19, 2014
MINUTES

Board Present:

Chair Young Boozer
Dr. Greg Fitch
Dr. William Meehan
Mr. Dennis Beavers
Mr. Mychal Smith
Ms. Sara Calhoun for Dr. Mark Heinrich

Board Absent:

Mr. Daniel Hughes
Mr. Ronald Stokes
Mr. Chess Bedsole
Lt. Governor Kay Ivey

Others Present:

Ms. Daria Story, Assistant Treasurer
Ms. Glenda Allred, Deputy Treasurer
Ms. Anita Kelley, Program Director
Mr. Jay Steinacher, Union Bank & Trust (by phone)

Pursuant to written and public notice, the meeting of the Board of Directors of the CollegeCounts 529 fund was held in the Alabama State Capitol, Room S-106, Montgomery, AL on November 19, 2014.

Agenda Item 1.

The meeting was called to order by Chair Young Boozer at 1:58 p.m.

Agenda Item 2.

Roll was taken with a quorum present.

Agenda Item 3.

Chair Boozer presented the minutes of the August 6, 2014 board meeting. A motion for approval of the minutes was made by Dr. Meehan, and seconded by Mr. Smith with unanimous approval.

Agenda Item 4.A.

Chair Boozer reviewed the memo from Pension Consulting Alliance, Inc. (PCA) concerning the CollegeCounts "Watch" status update. The memo stated that PCA recommends the Vanguard Intermediate-term Bond Index Fund and the Voya Global Real Estate Fund remain on "Watch" status and that the Neuberger Berman International Select Fund be placed on "Watch" status.

A motion to accept the PCA recommendations was made Mr. Beavers, seconded by Dr. Meehan, with unanimous approval.

Agenda Item 4.B.

Chair Boozer reviewed the proposed resolution to ratify the Investment Committee's action to exit the Pimco Total Return Bond fund on 9/30/2014.

A motion to ratify the resolution was made by Dr. Meehan, seconded by Mr. Smith, with unanimous approval.

Agenda Item 4.C.

Chair Boozer called on Jay Steinacher with Union Bank and Trust to review the recommendation made by Wilshire Financial Management and Pension Consulting Alliance, Inc. (PCA) for the reinvestment of the funds that were previously invested in the PIMCO Total Return Bond Fund. Mr. Steinacher advised that the funds were temporarily placed into the Northern Bond Fund Index for the Advisor Plan and the Vanguard Total Bond Market Index for the Direct plan. Mr. Steinacher stated that both Wilshire and PCA recommended the plans offer the MacKay Shields MainStay Total Return Bond Fund due to their top-down process, strong sector capabilities, diversification and historical tendency to protect in down markets.

Chair Boozer presented the proposed resolution to accept the recommendation made by Wilshire and PCA to offer the MacKay Shields Total Return Bond Fund as an individual fund portfolio in the direct plan and advisor plan, and to allocate those monies previously allocated to the PIMCO Total Return Fund in the age-based and target portfolios in the advisor plan be allocated to MacKay. A motion to adopt the resolution was made by Mr. Beavers, seconded by Dr. Meehan, with unanimous approval.

Agenda Item 4.D.

Chair Boozer called on Mr. Steinacher to review the updates to the Program Disclosure Statement. Mr. Steinacher advised that a written letter of communication along with a Disclosure Statement supplement will be mailed in the next week to advisors and investors giving them advance notice of the investment into the MacKay Shields MainStay Total Return Bond Fund which will occur on 12/17/2014. He stated that the annual mailing of the full Disclosure Statement will take place on 12/17/2014 and will include the investment change as well.

Chair Boozer presented the proposed resolution to approve the Program Disclosure Statements. A motion to adopt the resolution was made by Mr. Smith, seconded by Dr. Meehan, with unanimous approval.

Agenda Item 4.E.

Chair Boozer reviewed the revised Investment Policy Statement and Monitoring Guidelines. The updated statement includes language under the Watch status category that focuses on qualitative factors including organization issues, changes in personnel related to the fund and shift in investment strategy and style.

Chair Boozer presented the proposed resolution to approve the Investment Policy and Monitoring Procedures updates. A motion to adopt the resolution was made by Mr. Beavers, seconded by Dr. Meehan, with unanimous approval.

There being no further business, a motion to adjourn was made by Mr. Beavers, seconded by Dr. Meehan, with unanimous approval. The meeting adjourned at 2:12 p.m.

All detailed reports were received for information and are attached for reference.

Anita Kelley, Recording Secretary

Young Boozer, Chair